

CHAPTER 70

INCOME, FRANCHISE, AND SALES AND USE TAXES AND OTHER MISCELLANEOUS CHANGES

H.F. 575

AN ACT relating to the technical administration of state financial and regulatory matters, including administration of income taxes, sales and use taxes, currency exchange licenses, and the wireless surcharge for enhanced 911 emergency telephone systems, and including effective date and retroactive applicability provisions.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I INCOME AND FRANCHISE TAXES

Section 1. Section 422.7, subsection 2, Code 2013, is amended to read as follows:

2. Add interest and dividends from foreign securities and from securities of state and other political subdivisions exempt from federal income tax under the Internal Revenue Code, except for those securities the interest and dividends from which are exempt from taxation by the state of Iowa as otherwise provided by law, including:

- a. Vision Iowa program bonds pursuant to section 12.71, subsection 8.
- b. School infrastructure program bonds pursuant to section 12.81, subsection 8.
- c. Iowa jobs program revenue bonds pursuant to section 12.87, subsection 8.
- d. Iowa utility board and Iowa consumer advocate building project bonds pursuant to section 12.91, subsection 9.
- e. Iowa water pollution control works and drinking facilities financing program bonds pursuant to section 16.131, subsection 5.
- f. Iowa prison infrastructure revenue bonds pursuant to section 12.80, subsection 3, and section 16.177, subsection 8.
- g. Quad cities interstate metropolitan authority bonds pursuant to section 28A.24.
- h. Iowa finance authority E911 program bonds pursuant to section 34A.20, subsection 6.
- i. Alcoholic beverage control bonds pursuant to section 123.159, Code 2011.
- j. Soil and water conservation subdistrict bonds pursuant to section 161A.22.
- k. Agricultural development authority beginning farmer loan program bonds pursuant to section 175.17, subsection 10.
- l. Community college residence hall and dormitory bonds pursuant to section 260C.61.
- m. Community college bond program bonds pursuant to section 260C.71, subsection 6.
- n. Higher education loan authority bonds pursuant to section 261A.27.
- o. State board of regents bonds pursuant to sections 262.41, 262.51, 262.60, 262A.8, and 263A.6.
- p. Interstate bridges bonds pursuant to section 313A.36.
- q. Aviation authority bonds pursuant to section 330A.16.
- r. County health center bonds pursuant to section 331.441, subsection 2, paragraph "c", subparagraph (7).
- s. Rural water district bonds pursuant to section 357A.15.
- t. Urban renewal bonds pursuant to section 403.9, subsection 2.
- u. Municipal housing project bonds pursuant to section 403A.12.
- v. Comprehensive petroleum underground storage tank fund bonds pursuant to section 455G.6, subsection 14.
- w. Honey creek premier destination park bonds pursuant to section 463C.12, subsection 8.

Sec. 2. Section 422.7, subsections 19 and 48, Code 2013, are amended by striking the subsections.

Sec. 3. Section 422.9, subsections 6 and 7, Code 2013, are amended by striking the subsections.

Sec. 4. Section 422.20, subsection 3, paragraph a, Code 2013, is amended to read as follows:

a. Unless otherwise expressly permitted by section 8A.504, section 8G.4, section 11.41, section 96.11, subsection 6, section 421.17, subsections 22, 23, and 26, subsection 27, paragraph “k”, and subsection 31, section 252B.9, section 321.40, subsection 6, sections 321.120, 421.19, 421.28, 422.72, and 452A.63, and this section, or another provision of law, a tax return, return information, or investigative or audit information shall not be divulged to any person or entity, other than the taxpayer, the department, or internal revenue service for use in a matter unrelated to tax administration.

Sec. 5. Section 422.35, subsection 2, Code 2013, is amended to read as follows:

2. Add interest and dividends from foreign securities, from securities of state and other political subdivisions, and from regulated investment companies exempt from federal income tax under the Internal Revenue Code, except for those securities the interest and dividends from which are exempt from taxation by the state of Iowa as otherwise provided by law, including those set forth in section 422.7, subsection 2.

Sec. 6. Section 422.35, subsection 13, Code 2013, is amended by striking the subsection.

Sec. 7. Section 422.61, subsection 3, paragraph b, Code 2013, is amended to read as follows:

b. ~~Notwithstanding sections 262.41 and 262.51~~ section 422.35, subsection 2, or any other provisions of law, income from obligations of the state and its political subdivisions and franchise taxes paid or accrued under this division during the taxable year shall be added. Income from sales of obligations of the state and its political subdivisions and interest and dividend income from these obligations are exempt from the taxes imposed by this division only if the law authorizing the obligations specifically exempts the income from the sale and interest and dividend income from the state franchise tax.

Sec. 8. Section 422.72, subsection 3, paragraph a, Code 2013, is amended to read as follows:

a. Unless otherwise expressly permitted by section 8A.504, section 8G.4, section 11.41, section 96.11, subsection 6, section 421.17, subsections 22, 23, and 26, subsection 27, paragraph “k”, and subsection 31, section 252B.9, section 321.40, subsection 6, sections 321.120, 421.19, 421.28, 422.20, and 452A.63, and this section, or another provision of law, a tax return, return information, or investigative or audit information shall not be divulged to any person or entity, other than the taxpayer, the department, or internal revenue service for use in a matter unrelated to tax administration.

Sec. 9. EFFECTIVE UPON ENACTMENT. The following provision or provisions of this division of this Act, being deemed of immediate importance, take effect upon enactment:

1. The section of this division of this Act amending section 422.9.
2. The section of this division of this Act amending section 422.20.
3. The section of this division of this Act amending section 422.72.

DIVISION II SALES AND USE TAXES

Sec. 10. Section 423.1, subsection 39, paragraphs b and c, Code 2013, are amended to read as follows:

b. The property is transferred to the user of the service in connection with the performance of the service in a form or quantity capable of a fixed or definite price value, ~~or the property is entirely consumed in connection with the performance of an auto body repair service purchased by the ultimate user.~~

c. The sale is evidenced by a separate charge for the identifiable piece of property ~~unless the property is entirely consumed in connection with the performance of an auto body repair service purchased by the ultimate user.~~

Sec. 11. Section 423.2, subsection 11, paragraph b, subparagraph (5), Code 2013, is amended to read as follows:

(5) Subject to the limitation on the calculation and deposit of sales tax increment revenues in section 418.12, beginning the first day of the quarter following adoption of the resolution pursuant to section 418.4, subsection 3, paragraph “d”, transfer to the account created in the sales tax increment fund for each governmental entity approved to use sales tax increment revenues under chapter 418, that portion of the increase in sales tax revenue, determined in section 418.11, subsection 2, paragraph “d”, in the applicable area of the governmental entity, that remains after the ~~transfer~~ other transfers required under ~~subparagraph (3)~~ of this paragraph “b”.

Sec. 12. Section 423.3, subsection 18, paragraph c, Code 2013, is amended to read as follows:

c. Rehabilitation facilities that provide accredited rehabilitation services to persons with disabilities which are accredited by the commission on accreditation of rehabilitation facilities or the ~~accreditation council for services for persons with an intellectual disability and other persons with developmental disabilities~~ council on quality and leadership and adult day care services approved for reimbursement by the state department of human services.

Sec. 13. Section 423.3, subsection 44, Code 2013, is amended by striking the subsection.

Sec. 14. Section 423.3, subsection 58, Code 2013, is amended to read as follows:

58. The sales price from the sale of items purchased with coupons, food stamps, electronic benefits transfer cards, or other methods of payment authorized by the United States department of agriculture, and issued under the federal Food Stamp Act of 1977, 7 U.S.C. § 2011 et seq. or under the federal supplemental nutritional assistance program established in 7 U.S.C. § 2013.

Sec. 15. Section 423.3, Code 2013, is amended by adding the following new subsection:

NEW SUBSECTION. 99. a. The sales price from the sale of chemicals, solvents, sorbents, reagents, or other tangible personal property used in providing a vehicle repair service subject to section 423.2, subsection 6, if all of the following conditions are met:

(1) The chemicals, solvents, sorbents, reagents, or other tangible personal property are directly and primarily used in providing the vehicle repair service.

(2) The chemicals, solvents, sorbents, reagents, or other tangible personal property are consumed or dissipated in providing the vehicle repair service.

(3) The chemicals, solvents, sorbents, reagents, or other tangible personal property will come into physical contact with the vehicle upon which the vehicle repair service is performed.

b. The exemption under this subsection does not apply to tangible personal property that can be used to provide multiple vehicle repair services, including but not limited to machinery, tools, and equipment.

DIVISION III MISCELLANEOUS

Sec. 16. Section 34A.7B, subsection 11, Code 2013, is amended to read as follows:

11. The audit, ~~and appeal, collection, and enforcement~~ procedures and other pertinent provisions applicable to the sales and use tax imposed under chapter 423 shall apply to prepaid wireless E911 surcharges.

Sec. 17. Section 421.7, subsection 5, Code 2013, is amended to read as follows:

5. As used in subsection 3 2, the term “prime rate” means the prime rate charged by banks on short-term business loans, as determined by the board of governors of the federal reserve system and published in the federal reserve bulletin.

Sec. 18. Section 421.17, subsection 10, unnumbered paragraph 1, Code 2013, is amended to read as follows:

To require any board of review at any time after its adjournment to reconvene and to make such orders as the director shall determine are just and necessary; to direct and order any board of review to raise or lower the valuation of the property, real or personal, in any township, city, or taxing district, to order and direct any board of review to raise or lower the valuation of any class or classes of property in any township, city, or taxing district, and generally to make any order or direction to any board of review as to the valuation of any property, or any class of property, in any township, city, county, or taxing district, which in the judgment of the director may seem just and necessary, to the end that all property shall be valued and assessed in the manner and according to the real intent of the law. For the purpose of this ~~paragraph~~ subsection the words “taxing district” include drainage districts and levee districts.

Sec. 19. Section 421.17, subsection 10, paragraph b, Code 2013, is amended to read as follows:

b. The director may order made effective reassessments or revaluations in any taxing district for any taxing year or years and the director may in any year order uniform increases or decreases in valuation of all property or upon any class of property within any taxing district or any area within such taxing district, such orders to be effective in the year specified by the director. ~~For the purpose of this paragraph the words “taxing district” include drainage districts and levee districts.~~

Sec. 20. Section 421.17, subsection 27, paragraph e, Code 2013, is amended to read as follows:

e. All state agencies and local government agencies shall be given access, at the discretion of the director, to the centralized computer data bank and, notwithstanding any other provision of law to the contrary, may deny, revoke, or suspend any license or deny any renewal authorized by the laws of this state to any person who has defaulted on an obligation owed to or collected by the state. The confidentiality provisions of sections 422.20 and 422.72 do not apply to tax information contained in the centralized computer data bank. State agencies and local government agencies shall endeavor to obtain from all applicants the applicant’s social security or federal tax identification number, or, if the applicant has ~~neither, the applicant’s state driver’s license number from all applicants.~~

Sec. 21. Section 432.12C, subsection 2, Code 2013, is amended to read as follows:

2. The taxes imposed under this ~~division~~ chapter shall be reduced by investment tax credits authorized pursuant to sections 15.333A and 15E.193B, subsection 6.

Sec. 22. Section 453A.45, subsection 5, paragraph b, Code 2013, is amended to read as follows:

b. The report shall be made on forms provided by the director ~~or the~~. The director may require by rule that the report be filed by electronic transmission.

Sec. 23. Section 453A.47, Code 2013, is amended to read as follows:

453A.47 Refunds, credits.

Where tobacco products upon which the tax imposed by this division has been reported and paid, are shipped or transported by the distributor to consumers, to be consumed without the state, or to retailers or subjobbers without the state, to be sold by those retailers, or subjobbers without the state, or are returned to the manufacturer by the distributor or destroyed by the distributor, refund of such tax or credit may be made to the distributor in accordance with regulations prescribed by the director. Any overpayment of the tax imposed under section 453A.43 may be made to the taxpayer in accordance with regulations prescribed by the director. The director shall cause any such refund of tax to be paid out of the general ~~revenue~~ fund of the state, and so much of said fund as may be necessary is hereby appropriated for that purpose.

Sec. 24. Section 453A.47A, subsection 7, paragraph b, Code 2013, is amended to read as follows:

b. If any permit is granted during the month of October, November, or December, the fee shall be three-fourths of the above maximum schedule; if granted during the month of January, February, or March, one-half of the maximum schedule;; and if granted during the month of April, May, or June, one-fourth of the maximum schedule.

Sec. 25. Section 533C.302, subsection 2, Code 2013, is amended to read as follows:

2. A nonrefundable application fee of one thousand dollars and the license fee must accompany an application for a license under this article. The license fee shall be the sum of five two hundred fifty dollars plus an additional one hundred fifty dollars for each location at which business is conducted, but not to exceed two one thousand dollars. Fees for locations added after the initial application shall be submitted with the quarterly reports pursuant to section 533C.503, subsection 2. The license fee must be refunded if the application is denied. A license under this article expires on the next September 30 of an odd-ending year December 31 after its issuance. The initial license fee is considered a biennial an annual fee and the superintendent shall prorate the license fee, refunding any amount due to a partial license period. However, no refund of a license fee shall be made when a license is suspended, revoked, or surrendered.

Sec. 26. Section 533C.304, subsections 1 and 3, Code 2013, are amended to read as follows:

1. A licensee under this article shall pay a biennial an annual renewal fee no later than September December 1 of an odd-ending year. The biennial annual renewal fee shall be the sum of five two hundred fifty dollars plus an additional one hundred fifty dollars for each location at which business is conducted, but shall not exceed two one thousand dollars. Fees for locations added after the initial application shall be submitted with the quarterly reports pursuant to section 533C.503, subsection 2.

3. If a licensee does not file a renewal report and pay its renewal fee by September December 1 of an odd-ending year, or any extension of time granted by the superintendent, the superintendent may assess a late fee of one hundred dollars per day.

Sec. 27. EFFECTIVE UPON ENACTMENT. The following provision or provisions of this division of this Act, being deemed of immediate importance, take effect upon enactment:

1. The section of this division of this Act amending section 34A.7B.

Sec. 28. RETROACTIVE APPLICABILITY. The following provision or provisions of this Act apply retroactively to January 1, 2013:

1. The section of this Act amending section 34A.7B.

Approved April 24, 2013